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Administration Announces Outcome of 2003 Annual Review of the Generalized System of Preferences (GSP) Program

WASHINGTON – The Administration today announced the outcome of the annual review of the Generalized System of Preferences (GSP), a program created in 1974 under which more than 140 beneficiary developing economies export products duty-free to the United States. The President’s proclamation extends or preserves benefits for approximately $220 million in imports through the addition of new products, restoration of previously lost benefits, and the continuation of benefits that would otherwise expire. In 2003, more than $21 billion in products were imported duty-free from eligible beneficiary countries under the GSP program.

Today’s action affects products classified in more than 70 tariff lines. Among today’s actions, $135 million in imports ranging from chemicals to manufactured goods that were found to be competitive in the U.S. market at normal tariff rates were removed from GSP eligibility.

"With broad bipartisan support, Congress created the GSP program as a way to promote economic development in developing countries and to expand American consumer choices. We are committed to providing trade opportunities to developing countries as a way to encourage broad-based economic development, while taking into account U.S. import sensitive industries," U.S. Trade Representative Robert B. Zoellick said.

Additionally, the Administration reviewed petitions to remove certain countries from the GSP program for not meeting several statutory criteria for GSP eligibility. These criteria include taking steps to afford internationally recognized worker rights, adequate intellectual property protection and not affording preferential treatment to imports of other developed countries that may have an adverse affect on U.S. commerce. The reviews of worker rights in Guatemala and intellectual property protection in the Dominican Republic were closed as a result of positive steps taken by these governments in conjunction with the recently concluded U.S.-Central American FTA (CAFTA), which includes binding labor and intellectual property provisions.

The Administration reviewed a domestic petition to remove Brazil for inadequate protection of intellectual property rights. Copyright holders maintain that infringement in Brazil is at unacceptable levels. U.S. copyright-related industries estimate losses to be more than $700 million in 2003. There have been some developments in Brazil that could lead to positive results. As a result of U.S. Government contact with the Government of Brazil to urge concrete steps to improve copyright enforcement, the Administration will continue to review the petition and will extend Brazil's GSP eligibility review for a ninety-day period. This will allow an examination of progress Brazil is making to address the concerns both countries share regarding copyright piracy.

In addition to these changes to the GSP program made by the President's July 1 proclamation, USTR will publish further details of the annual review in the Federal Register within a few days.

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